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SOCIAL SCIENCE

UNIT 3. THE ECONOMY OF SPAIN

Exam Date: _____

UNIT 3. THE ECONOMY OF SPAIN

In this unit we are going to learn about:

1. Work and population
2. The Primary Sector
 - Agriculture
 - Livestock farming
 - Fishing
 - Mining
 - Forestry
3. The Secondary sector
 - Industry
 - Construction
 - Crafts
4. The Tertiary sector
 - Trade
 - Transport
 - Tourism
 - Healthcare, education, retail....
5. The economy
6. Companies
7. Advertising
8. Money

1. POPULATION AND WORK

The active population can be divided into two groups:

- **Active population:** This includes all adults who are able to work. These people are employed and working, or unemployed and looking for work.
- **Inactive population:** This includes all the people who are not of legal working age, students, retired people, homemakers or disabled people who cannot work.

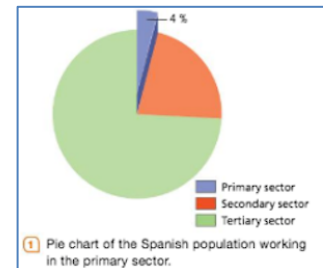
The active population works in the primary, secondary and tertiary sectors of economy.

2. THE PRIMARY SECTOR

The primary sector activities involve obtaining products directly from nature. We call these products **raw materials**.

Today only 4 out of every 100 people work in the primary sector in Spain.

This sector includes activities such as agriculture, livestock farming, fishing, mining or forestry.



AGRICULTURE

- Agriculture is the cultivation of crops. It is the most important activity in the primary sector.
- There are different types of crops:

DRY CROPS

- Dry crops are watered naturally by rainwater, that is, farmers don't water their crops; The plants only get water when it rains.
- They are cultivated in large fields. Cereals, grapes and olives are the most cultivated dry crops.

IRRIGATED CROPS

- Irrigated crops get water from irrigation systems such as canals and ditches.
- They are cultivated in small fields. Fruit, rice, pulses and vegetables are the most cultivated irrigated crops.

LIVESTOCK FARMING

- Farming is the raising of livestock. Livestock farmers breed animals to produce different food products (meat, milk, eggs...) or non-food products (wool, leather...). Livestock farming is the second most important activity in the primary sector.
- There are different types of farming: pig farming, cattle farming, sheep farming and poultry farming.

EXTENSIVE FARMING

- In extensive farming, the animals spend a lot of time outdoors, in open pastures. They live in large fields where they eat natural food, that is, what grows on the land. For example, the Iberian pig.

INTENSIVE FARMING

- In intensive farming, the animals are kept in enclosed spaces (stables or indoor pens). The farmer feed the animals with food, sometimes from factories. For example, milk cows.

FISHING

- Fishing is the catching of fish and other aquatic animals for food.
- Spain has one of the world's leading fishing industries, but these days employment in this sector is much lower than in the past. Fishing is still important in Galicia and Andalucía.

COASTAL FISHING

- Coastal fishing is carried out near the coast. Fishermen use small boats and traditional methods. They normally return on the same day.

DEEP-SEA FISHING

- Deep-sea fishing is carried out far away from the coast. Fishermen work for weeks or months on large boats. These boats have got refrigeration systems to keep fish cold until they return to port.

MINING

- Mining is the extraction of rocks, minerals and petrol from the ground or the underground. In the past, mining was a major part of Spanish economy, but today there are few mines operating in Spain. They are mainly located in Leon and Asturias. The main rocks extracted from Spanish quarries are marble, granite and slate, which come from quarries.

UNDERGROUND MINES

- Miners work deep under the ground in tunnels and caves.

OPEN CAST MINES AND QUARRIES

- Miners work in large open-air pits because the minerals are close to the Earth surface in open cast mines or quarries.

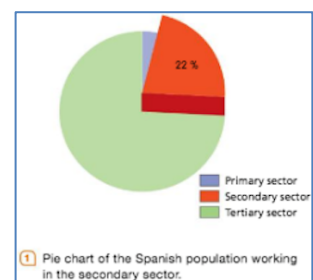
FORESTRY

- Forestry is the use of forests to obtain products from the trees and plants (wood, cork, resin, cellulose...). Spain's most important forestry product is cork.

3. THE SECONDARY SECTOR

The secondary sector includes jobs, which transform raw materials into manufactured products in factories and workshops. This includes jobs in industry and construction, as well as crafts. Due to the economic crisis, there are now fewer jobs in the secondary sector.

Today, 22 out of every 100 people work in the secondary sector in Spain.



INDUSTRY

- Jobs in industry have decreased in Spain in recent years. Today 14 out of every 100 people work in industry.
- The main industries in Spain include energy, food, equipment and machinery and chemical industry.
- Cataluña is the autonomous community with the highest number of jobs in industry.

ENERGY INDUSTRY

- The energy industry is very important because it supplies homes and other industries with the energy they need. We can obtain energy from renewable energy sources, which are unlimited (sunlight, water or wind) or from non-renewable sources of energy, which are limited (coal, oil -petroleum-, natural gas, nuclear energy)

PRIMARY (BASE) INDUSTRIES

- Primary industries transform raw materials into other finished or semi-finished products. These products are then **used by other industries**. For example, iron is transformed into steel plates for use in construction. The metallurgical and chemical industries are the most important primary industries in Spain.

EQUIPMENT AND MACHINERY INDUSTRIES

- Equipment and machinery industries produce tools and machinery which other industries need. Machines, cars, ships and electrical supplies are included in this group.

CONSUMER INDUSTRIES

- Consumer industries manufacture products to sell directly to consumers. Food, cosmetics, textile (clothing) and furniture are the most important consumer industries.

CONSTRUCTION

- Jobs in construction have decreased dramatically in Spain in the recent years. Today, 8 out of every 100 people work in construction. This includes building houses and offices, and public works like bridges and roads.

CRAFTS

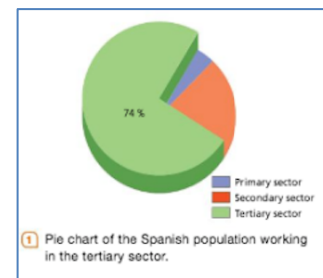
- Manufactured products can be produced using traditional craft methods or industrial processes. Craft workers use their hands or tools to make their products, which take longer to make and are usually more expensive. Industrial workers work in factories and use complex machines to manufacture large quantities of products very quickly.

4. THE TERTIARY SECTOR

The tertiary sector is also called the **service sector**. The tertiary sector includes all the jobs which do not produce products (material goods), but provide services.

Services can be in education, health care, finance, administration, trade, tourism, communication and transport.

Today, 74 out of every 100 people work in the tertiary sector in Spain. This is more than any other sector. This sector makes the most of money, so it is important for Spanish economy. The tertiary sector has grown enormously in the recent years.



TRADE

- Trade is the business of buying and selling of products. These products come from the primary and secondary sectors.

DOMESTIC TRADE

- Domestic trade is the buying and selling of products **within the country**. In other words, products are made and sold within the same country. For example, agricultural products that are grown in Andalucía are sold in Galicia.

FOREIGN TRADE

- Foreign trade is the buying and selling of products **to other countries**.
- IMPORTS are products **one country buys from other** countries. Spain imports petroleum and computers from other countries.
- EXPORTS are products **one country sells to other** countries. For example, Spain exports shoes and cars.

TRANSPORT

- Transport is needed to **move passengers** from one place to another and to **distribute products (goods)** to the shops and consumers. There are different types of transport.

LAND TRANSPORT

- Products and passengers use both road transport (cars, buses and lorries) or rail transport (trains). The majority of products are transported by lorry. Spain has a modern, extensive system of railways and motorways.

SEA TRANSPORT

- Goods are transported in large **cargo ships**, whereas passengers travel in cruise ships. The main ports in Spain are Algeciras, Barcelona and Valencia.

AIR TRANSPORT

- Aeroplanes are often used to transport passengers. However, products are also transported in aeroplanes (cargo). Aeroplanes are fast, so they are useful for transporting perishable goods, like fresh food and flowers. The busiest airport in Spain is Adolfo Suarez Madrid-Barajas, in Madrid.

TOURISM

- Tourism is the business that offers everything tourists need, for example, hotels, travel agents, travel guides, restaurants, etc.
- These days in Spain, 12 out of every 100 people work in tourism.
- Spain is the third most visited country in the world. The most popular tourism is beach tourism, but both cultural (visiting interesting monuments and museums) and rural tourism (visiting interesting villages and the countryside) are on the increase.

EDUCATION

- People who work in education help us learn. Examples are infant schools, primary schools, secondary schools and universities.

HEALTHCARE

- Healthcare workers look after our health. These include all health centres and hospitals (doctors, nurses...).

RETAIL

- Retail workers sell us products in shops, supermarkets and department stores.
- A merchant buys a product from a producer at a certain price. Then the merchant sells the product to a consumer at a higher price. The difference between the buying price and the selling price is the merchant's profit.

ADMINISTRATION

- Administrative workers help organise work in offices. Secretaries, bank clerks or civil servants (public servants) belong to this sector.

MEDIA AND COMMUNICATION

- Media and communication provide us with information. Newspapers, television, the radio and the Internet are part of our everyday lives.

OTHER ACTIVITIES IN THIS SECTOR

- Public safety: Police officers, firefighters, soldiers, security guards...
- Skilled jobs: mechanics, electricians, carpenters, plumbers...
- Cultural professions: Writers, musicians, actors, painters, sculptors...
- Juicial system: Lawyers, prosecutors and judges.
- Sports people

5. THE ECONOMY

The economy is all the activities involved in producing, selling and buying products. There are three main processes that make up economic activity:

PRODUCTION

- This includes all the activities we need to make a product or provide a service.

DISTRIBUTION

- This includes transporting the product or the service to the customers.

CONSUMPTION

- This is the buying and selling of a product or service to the customers.

The price of a product or service is how much it costs in money. The price of a product depends on supply and demand.

- Supply is how much of a product or a service there is to sell.
- Demand is how much of a product or a service people want to buy.

When there is a small supply and a large demand, prices go up.

When there is a large supply and a small demand, prices go down.

6. COMPANIES

A **company** is an organization that offers products or services to customers in exchange for making a profit. A **profit** is a financial gain. To carry out economic activity companies need different resources:

HUMAN RESOURCES

- These are the employees who work for the company.

MATERIAL RESOURCES

- This includes raw materials to make the products. They also include the machines, transport, new technologies, etc.

FINANCIAL RESOURCES

- This is the money a company needs to carry out its activities.

There are different **types of companies** depending on their **size**:

- **Micro companies** have less than 10 employees.
- **Small companies** have less than 50 employees.
- **Medium companies** have from 50 to 250 employees.
- **Large companies** have more than 250 employees.

Or according to the **economic sector** they belong to:

- **Primary sector**: They obtain resources from nature.
- **Secondary sector**: They transform raw materials into products
- **Tertiary sector**: They provide services.

Companies are made of different pieces called **departments**. Each of these departments has a different function. **Managers** organize and coordinate the different departments, so that the company can work efficiently:

- **Purchases**: They buy the materials and resources the company needs
- **Production**: They create the product or the service the company needs.
- **Human resources**: They employ and manage the company's employees.
- **Marketing**: They create advertising for products or services.
- **Accounts**: They manage the company's money.

7. ADVERTISING

Companies need to inform consumers of what their product or service is like. **Advertising** is giving people information about a product or a service using advertisements. We hear advertisements on the radio or on TV, or read them in magazines or on the Internet.

Advertisements use different strategies to make people interested in a product, for example:

- **Repetition.** Adverts often repeat the name of a product or service many times in a short space of time. For example, they repeat the same telephone number to contact.
- **Exaggeration.** Adverts exaggerate the benefits of buying a product. This is typical of adverts of cars.
- **Association** adverts associate a product or a service with a famous person or a well-known song.
- **Promotions.** Some adverts offer special discounts or prizes when we buy a product.

8. MONEY

Thousands of years ago money did not exist. Instead, people used barter. **Barter** means exchanging one product for another product. Over time, barter was replaced by money. The money we earn is called **income**. People usually put their income in a bank account.

A **budget** is a plan for spending income. The money we expend is called **expenses**. To make a budget we add up our expenses, for example, food, transport, clothes, etc. Then, we subtract the expenses from our income. The final amount is called a **balance**.

Many people choose to save some of their income in order to pay for future needs. The money we keep for the future is called **savings**. Generally, people keep their savings in a bank. People save money for different reasons:

- to travel
- to buy a house or a car
- to pay for courses in education
- to have enough money for retirement

UNIT VOCABULARY

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